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December 4, 2017

Ex Parte Notice

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: *Connect America Fund, WC Docket No. 10-90; Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Docket No. 07-135; Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92.*

Dear Ms. Dortch,

On November 30, 2017, Hank Hultquist, John Nolan, Philip Bowie, Saikat Sen, Keith Krom, Kim Meola, Hal Thompson, Jack Habiak and the undersigned, all of AT&T, met with Kris Monteith, Lisa Hone, Pamela Arluk, Victoria Goldberg, Gil Strobel, Edward Krachmer, Doug Slotten, Lynn Engledow, Rhonda Lien, Gregory Capobianco, Irina Asoskov, Joseph Price, William Andrie and Shane Taylor of the Wireline Competition Bureau. During the meeting, AT&T and Commission Staff discussed the attached presentation which included discussions on 8YY call flows, database query charges and both the arbitrage and marketplace inefficiencies AT&T experiences and finds harmful in the marketplace.

AT&T further discussed several short term remedies the Commission may consider taking to bring further marketplace discipline.

AT&T also continues to reiterate its support for broader intercarrier compensation reform, and looks forward to working with the Commission to accomplish these goals.

Sincerely,

A handwritten signature in blue ink, appearing to read "Matt Nodine", with a long horizontal flourish extending to the right.

Matt Nodine

AT&T Services Inc.

Cc: Kris Monteith
Lisa Hone
Pamela Arluk
Joseph Price
William Andrie
Victoria Goldberg
Gil Strobel



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Rhonda Lien
Shane Taylor

AT&T Ex parte

November 30, 2017

AGENDA

8YY Data Base Query

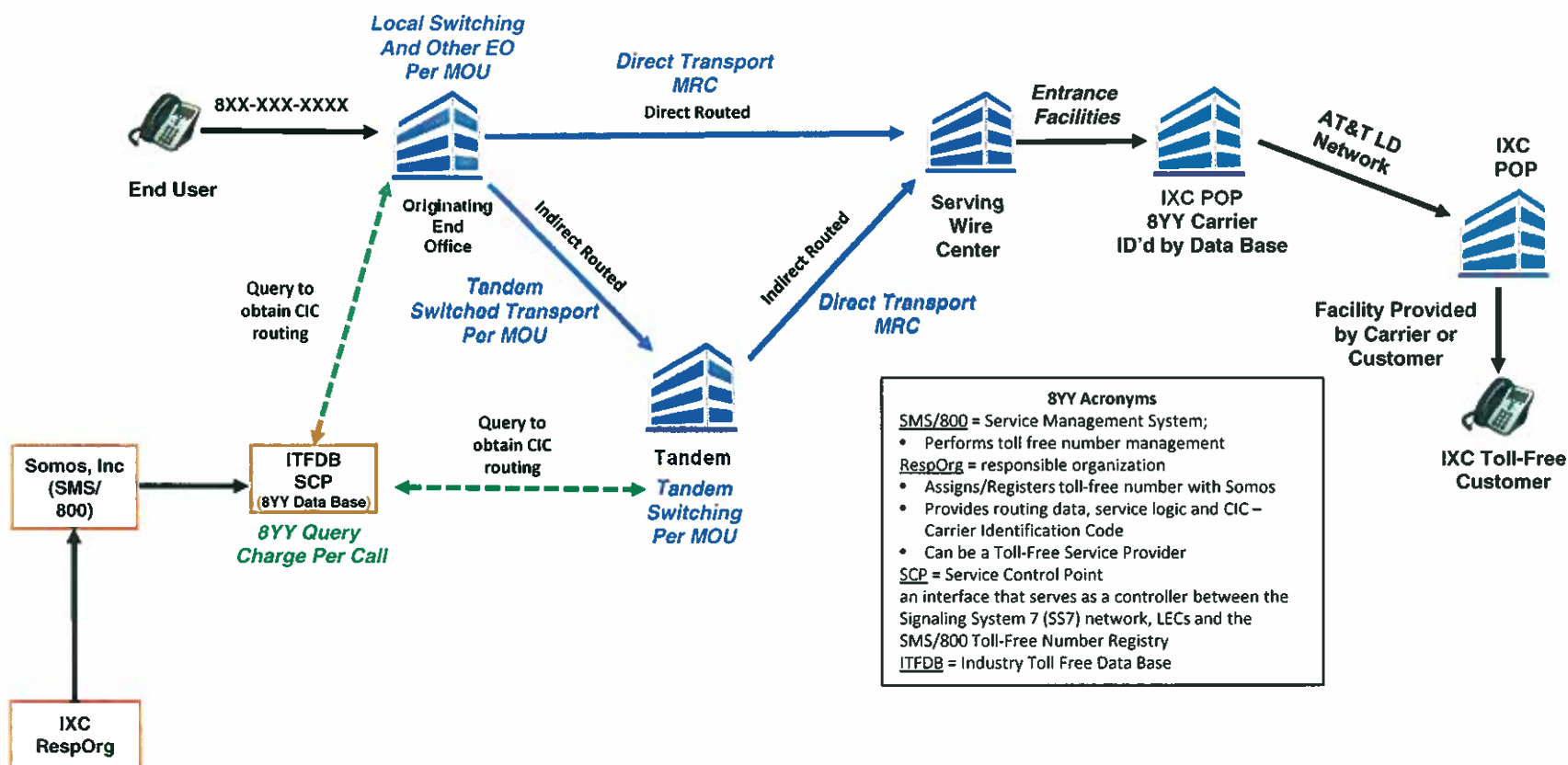
- Background
- Concerns
- Solutions

Background

- 8YY query identifies the CIC for IXC that owns the Toll-Free Number dialed by the end user.
 - The information returned from the query permits a carrier to route to and bill the IXC providing the 8YY service.
- 8YY query rates have not been included in previous reform efforts.
- Query charges are a significant share (18%) of originating access charges.
- Vast majority of query charges are assessed by a small number of carriers.
 - 2% of the carriers (26 out of 1076) bill for 90% of the dip charges

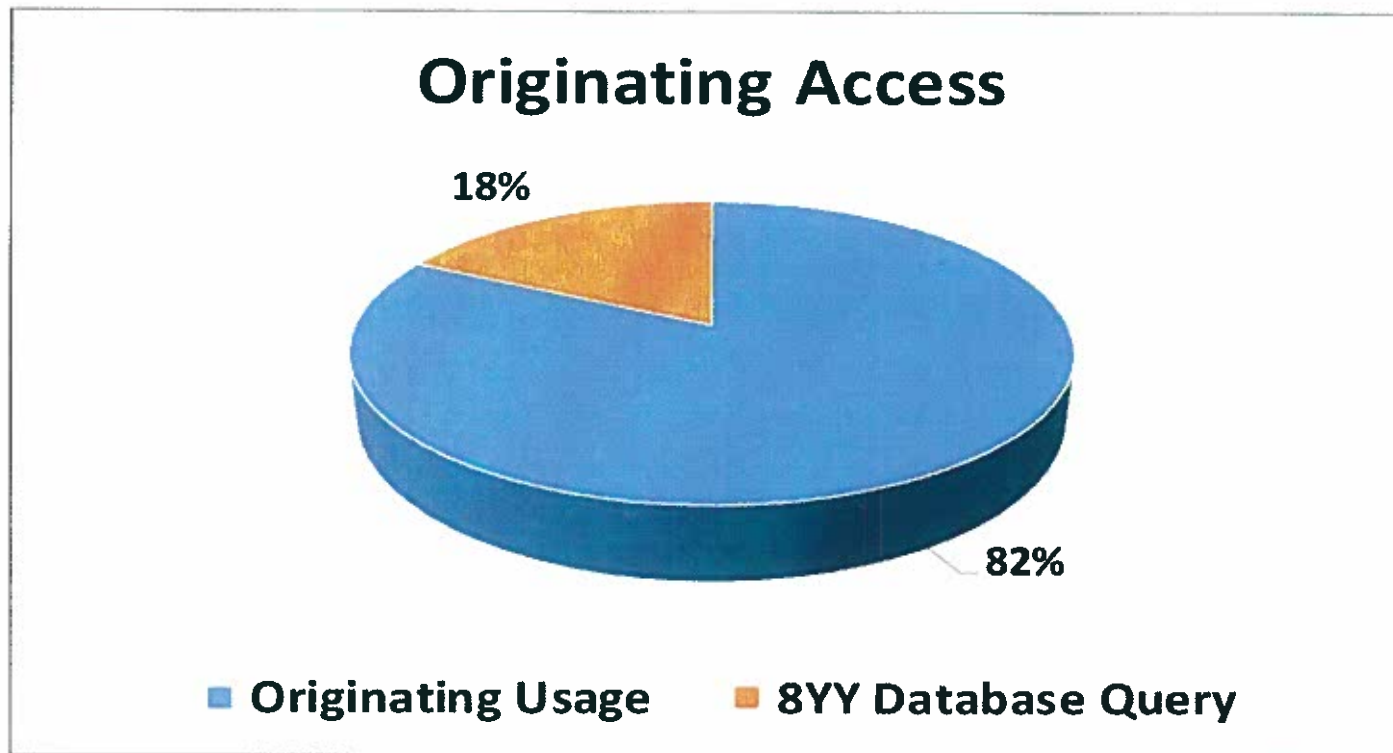
Traditional Originating 8YY Call Flow

Blue Arrow = Access Charge paid by the IXC as identified by Somos as the 8YY provider to the toll-free customer
 Green Arrow = 8YY Database Query Charge paid by IXC





8YY query charges paid by the IXC are a significant share of originating access expense



Note: 87% of query charges are Interstate
Excludes AT&T ILEC/CLEC affiliates

Since the Transformation Order, an increasing share of Originating Access is 8YY Database Queries carried by CLECs

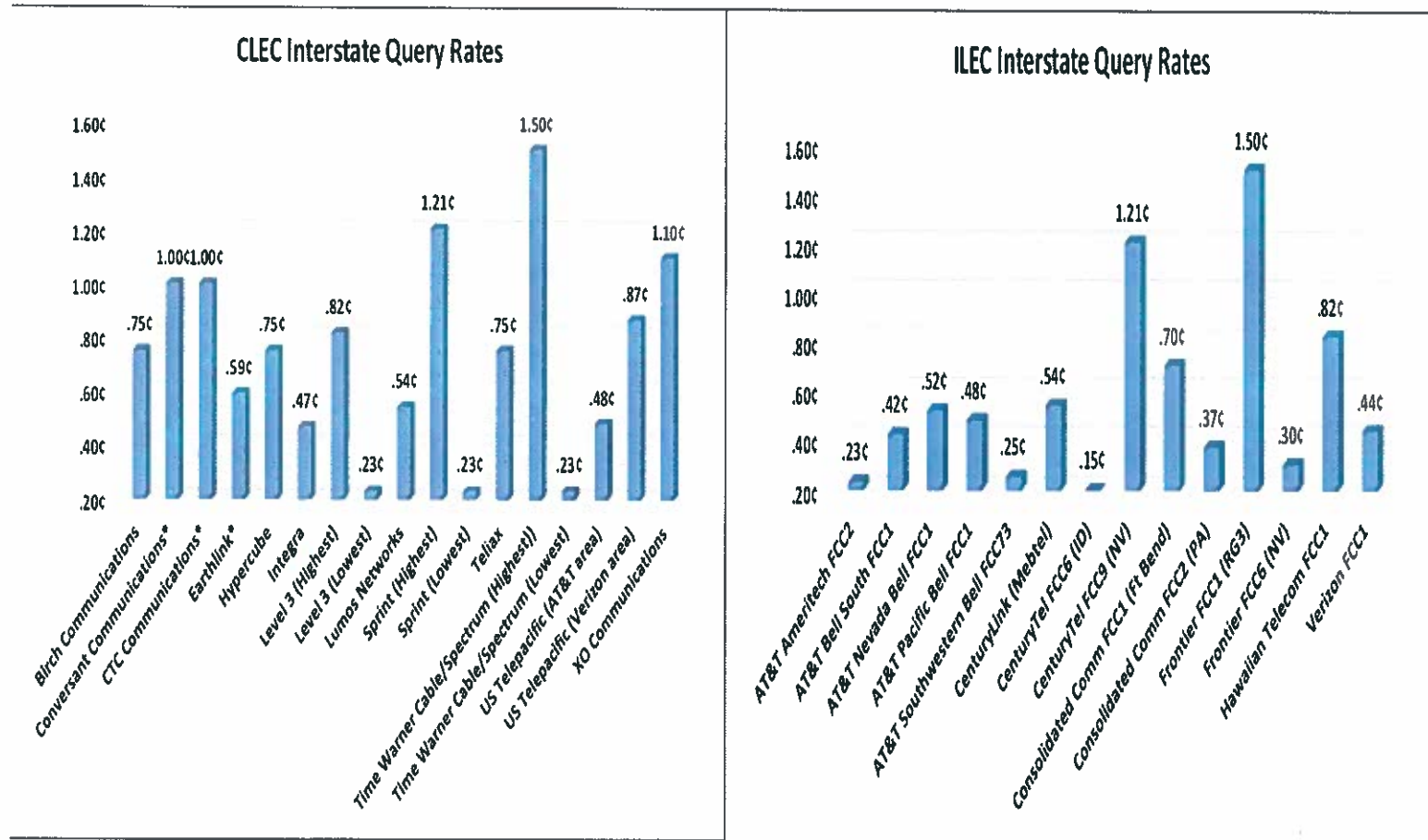


Note: AT&T IXC originating switched usage expense (non-affiliate)

Concerns

- Current rules are not constraining the arbitrage of toll-free database queries.
- Lack of reform has created incentives for aggregation, with no value added to the call.
 - More than one carrier will assess 8YY charges
- Absent market discipline or reform, a wide variability exists in the rates assessed by carriers of 8YY traffic.
- Inconsistent query rates and revenue-sharing are an impediment to the IP transition.

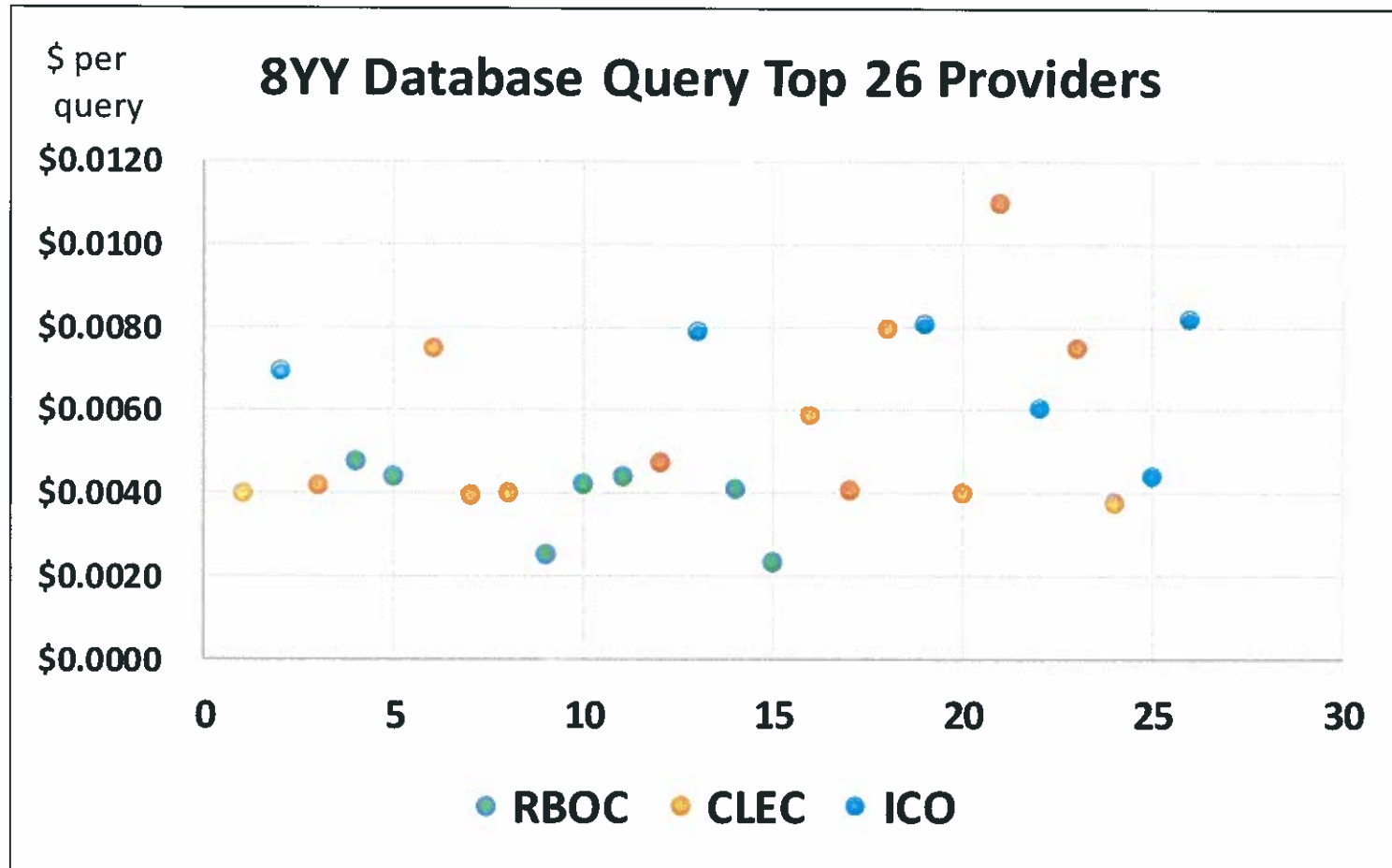
8YY Database Query Rates: Absent market discipline or reform, a wide variability exists in the rates assessed by carriers of 8YY traffic



Source: current Interstate tariffs

*Affiliates of EarthLink

The rates charged by the top providers in volume varies greatly: from \$.002304 to as high as \$.0110



Solutions

- Ultimately transition Database Query rates to Bill & Keep.
- As an interim step to long term reform:
 - Establish nationwide query rate.
 - Cap rates that are lower than nationwide rate.
- Limit LEC carrier eligible to bill an IXC query charge to the last LEC that delivers the Toll-Free call to the IXC.

Short Term/Bureau-Level Opportunities to Address Reform

- Transport mileage charges are only authorized for traffic destined to end users served by the end office subtending the tandem.
- YMax decision – the Court remanded to the FCC; the FCC can state that an entity cannot charge end office rate if function is not performed.
- 8YY DBQ – only carrier delivering call to IXC can assess dip charge.